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18 December 1953

MEMORANDUM FOR: Director of Central Intelligence
THROUGH: Deputy Director (Intelligence)
SUBJECT: Survey of Intelligence Budgets

1. In pursuance of your instruction (and in company with [redacted] of the DDA's office) I yesterday delivered the IAC-approved Categories for Survey of Intelligence Budgets to the Bureau of the Budget, to ascertain whether they were satisfactory.

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2. Mr. Macy said that the categories were satisfactory for the Bureau's purposes and that he appreciated your thoughtfulness in further consulting with him. In our discussion he stated that the Bureau would not be in a position to begin its work much before the first of the year, that it was not entirely clear to them how far their survey would take them in the next three months, and that they were keenly aware of the delicacy of this venture. He said he hoped that the Bureau might feel free to consult with the Agency as the need arose, and I assured him that you and your subordinates would want to help in any appropriate way.

3. There is attached for your signature a draft transmittal letter which is intended to reflect [redacted] draft (also attached), the discussion at the IAC, and certain points of the previous draft in IAC-D-77 which it is believed should be retained. I am informed by the FBI that Mr. Hoover would be most unhappy if the sentence regarding internal security were not retained.

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4. Upon transmittal of this letter with its attachments I will disseminate the document in its final form for the information of the IAC.

JAMES Q. REBER
Assistant Director
Intelligence Coordination

Attachments

OIC:JQR:KM (18 December 1953)

Distribution:

O & 1 - DCI
1 - DDI
2 - OIC (file)
1 - DDA

COPY

MEMORANDUM FOR: Mr. Robert M. May
Bureau of the Budget

SUBJECT : Budgetary Analysis of Intelligence Program

1. In response to your 17 November 1953 request for advice and assistance from the Intelligence Advisory Committee in the development of a more adequate budgetary analysis of U. S. intelligence programs and more specifically in the formulation of a categorized approach to budgetary analysis, there is attached a suggested initial listing of categories to accomplish these purposes.

2. In keeping with the understanding reached at the IAC meeting at which you were present, internal security programs are excluded from the categories as they will be excluded from the analysis.

3. Based on informal consultation, it is my understanding that you believe these categories will be suitable to assist you, at least in the initial stages, to achieve the objectives outlined by you on 17 November to the IAC.

4. As the survey proceeds, the Bureau should feel free to call upon the IAC for additional assistance, as appropriate. It would be appreciated if the Bureau's findings would be made available to the IAC.

for ALLEN W. JAMES
Director

1 Att - Suggested Initial
Listing

OIC:JFK:m (18 Dec 53)

Rewritten: A-DD/AJL:m; Job (22 Dec 53)

cc: DCI (2)

DD/I

DD/A

OIC (2)

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Suggested Categories for the Survey of Intelligence Budgets

1. The major categories should be restricted to the classical classification of intelligence, namely: collection, production and dissemination.

2. The category "collection" should be divided as overt and covert.

3. Intelligence activities under the category "production" should be further classified as follows:

- a. Political, cultural and sociological
- b. Ground Forces
- c. Naval Forces
- d. Air Forces
- e. Economic
- f. Scientific and Technical

4. No attempt has been made to classify "production" or the subdivisions of "production" as basic, current and national intelligence. Such a division, if made, would be unrealistic, inasmuch as in some agencies the employment of personnel on these respective categories of intelligence will vary with the intensity of international relations and crises. There is no formula thus far discovered or used among the agencies which could indicate the actual allocation of total resources to these categories of intelligence.

5. The category "dissemination," for the sake of uniformity in the survey, should include screening, reproduction, translation, distribution and libraries, although the relationship of these functions to both production and collection is recognized.

6. In connection with these activities, whether by intelligence or by operations, which serve purposes other than intelligence, the approximate intelligence cost should be broken out and listed. This is particularly applicable to certain problems in collection, but is not necessarily restricted to collection.



CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

MEMORANDUM FOR: Mr. Robert M. Macy
Bureau of the Budget

SUBJECT: Budgetary Analysis of
Intelligence Programs

1. In response to your 17 November 1953 request for advice and assistance from the IAC in the development of a more adequate budgetary analysis of U.S. intelligence programs, and more specifically in the formulation of a categorized approach to budgetary analysis, there is attached hereto a suggested initial listing of categories to accomplish these purposes.

2. In keeping with the understanding reached at the IAC meeting at which you were present, internal security programs are excluded from the categories as they will be excluded from the analysis.

3. It is my understanding that, on the basis of informal consultation, you believe these categories will be suitable to assist you, at least in the initial stages, of achieving the objectives outlined by you on November 17th to the IAC.

4. As the survey proceeds, the Bureau should feel free to call upon the IAC for additional assistance, as appropriate. It would be appreciated if the Bureau's findings would be made available to the IAC.

Attachment